

Surveys say.....

PERSI provides high level of service at low cost

Your PERSI Board of Trustees and staff feel that it is important for PERSI to provide you with a high level of customer service while carefully monitoring our administrative and investment expenses. We've been confident of our ability to do this; and now, by comparing our services and costs with those of similar US pension systems, we have evidence that PERSI does indeed provide a high level of service at a low cost.

The 2001 Public Pension Coordinating Council survey shows:

- The average public pension system in the US has 2.35 staff members per 1,000 active members. PERSI has one staff member per 1,000 active members.
- Public retirement systems of

similar size average 97 staff members. PERSI has 62 staff members.

- The average annual administrative expenses (not counting investment expenses) for systems of similar size is \$7.5 million. PERSI's administrative expenses are about \$4.3 million.

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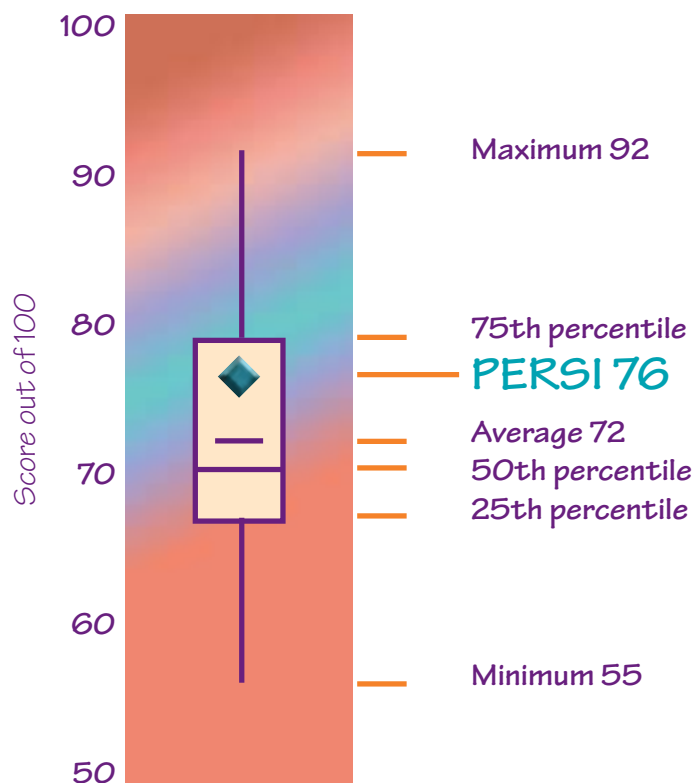
What are PERSI's administrative costs?

Less than one-half of one percent (0.50%) of PERSI assets are used in the operation of both the PERSI Choice and Base plans. This includes all investment expenses including money management fees, consulting fees, trust, custody and recordkeeping, as well as salaries of PERSI staff and operating expenses. This also includes fees for education programs, actuarial valuations, outside auditors, legal counsel and other professional consulting services.

How does this compare to other public pension systems?

PERSI has access to several surveys that compare expenses and staffing among public pension systems in the US.

PERSI's Service Level vs. Peer Pension Systems



Source: Cost Effectiveness Measurement Inc. April 2002

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Another survey, by Cost Effectiveness Measurement Inc., compares productivity and costs among 30 larger US public pension systems. Its April 2002 survey shows:

- Comparing the Total Cost per Active and Retired member, PERSI's costs were \$65 per member with the average among the system being \$91 per member. Excluding major projects from the comparison shows PERSI's costs at \$59 per member and the average system at \$63 per member.
- In comparing service levels provided for the costs, PERSI has a score of 76 points (on a 100 point scale) while the average system has 72 points. This means that PERSI members receive a higher level of service for less cost.

- In comparing the productivity or workload among the systems, the survey shows PERSI's workload at 132% of average (i.e. 100% equals the average so PERSI is 32% above the average). Some examples of these workloads:

- o Estimates: PERSI did 8,917 retirement estimates for members last year. This is 1.7 times higher than the average for other systems.
- o Phone Calls: PERSI handled 86,750 member phone calls last year. This is 1.3

times higher than other pension systems.

- o Communications: During the year, PERSI gave 278 special presentations to members. This is 9 times higher than other systems.

- o Refunds: PERSI paid 6,589 refunds last year for 7.7% of our total membership. This is 2.3 times higher than other systems.

Overall, this survey shows that PERSI provides a greater amount of service to members with a smaller staff at a lower cost.

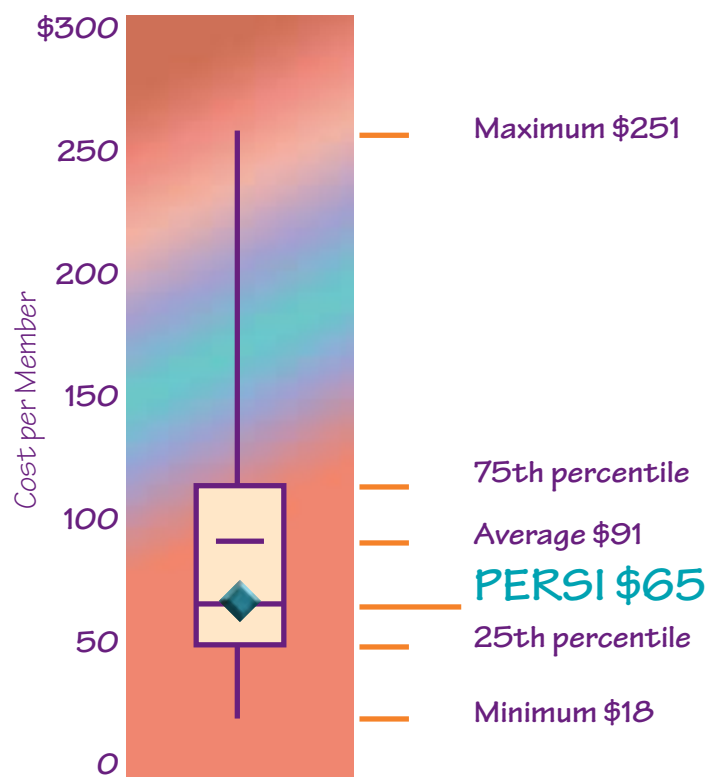
2003 legislative session may be a quiet one for PERSI

PERSI is anticipating a quiet legislative year.

We currently have no proposed legislation for the upcoming session. We also have not heard of any legislation proposed that would affect PERSI.

Should any bills surface, we will keep you updated on our website at www.persi.state.id.us.

PERSI's Total Cost per Member vs. Peer Pension Systems



Source: Cost Effectiveness Measurement Inc. April 2002